

Date: August 21, 2012

To: Thomas J. Bonfield, City Manager
Through: Wanda Page, Deputy City Manager
From: Joel V. Reitzer, Director, General Services Department
Jina Propst, Facilities Operations Manager
David M. Fleischer, Real Estate Manager
Subject: Proposed Six Year Lease for the Police Property and Evidence Warehouse at 921 Holloway Street

Executive Summary

The Police Department's property and evidence processing and warehousing functions are currently accommodated in four locations: in leased space at Northgate Mall, in City-Owned buildings at 124 Hunt Street and 213 Broadway Street, and in the lower level of the Police Headquarters building. The proposed lease at 921 Holloway Street will consolidate all of those operations in one location. The consolidation of the Property and Evidence locations will serve to increase efficiency as well as limit multiple leased locations for these Police operations.

Storing and processing property and evidence at a central location will accomplish the following: 1) simplify protocols for chain of custody and security; 2) free up space in the basement of Headquarters for other police units; 3) facilitate termination of storage at Northgate Mall; and 4) consolidate property and evidence functions at one location. The Northgate Mall lease is 3,057 square feet of property storage space, is currently over storage capacity and is \$13,756.56 per year.

General Services Department Staff has negotiated a lease for 21,340 square feet of space to accommodate all Property and Evidence functions in one location, at 921 Holloway Street. The lease provides for a six year term with options to renew for four additional one year terms. The rental rate for the first year of the lease is \$1.93 per square foot per year. The rental rate for each succeeding year will increase by 1%. Additionally, during the first year of the lease, the City will pay \$2,246.00 per month for the cost of the electricity, water, storm water fees, sewer, natural gas, taxes, insurance, fire alarm monitoring, pest control services, Common Area Maintenance, HVAC Maintenance, and emergency power generation. That rate for each succeeding year will increase by 1%. The Landlord will upfit the premises for the City's use at a cost to the City not to exceed \$619,252.00. The Landlord estimates one hundred twenty days to upfit the space for the City's use. The City will reimburse the Landlord for its cost of providing the upfit by paying a monthly sum of \$9,973.01 over the initial six year term.

Recommendation

Authorize the City Manager to execute a six year lease with Yarboro & Hessee, L.L.C. in the amount of \$1,137,243.95, to authorize the City Manager to exercise extensions to the lease term up to four additional years, and to establish a lease upfit contingency in the

amount of \$30,000.00, and to authorize the City Manager to negotiate and execute a lease amendment for change orders arising out of the lease upfit in an amount not to exceed the lease upfit contingency.

Background

The Police Department's centralization of its property and evidence functions will result in greater efficiency of Police operations as well as providing simplified protocols for the Department's chain of custody procedures. Upon relocating the Property and Evidence functions from the Police Headquarters building, space in Headquarters will be reallocated to allow for the Selective Enforcement Team (SET) and the Interdiction Unit to be housed at Police Headquarters. SET and the Interdiction Unit are currently leasing space at Northgate, at the current cost of \$33,874.44 per year. Moving these units to Headquarters will consolidate all of the Special Operations Division into one location and will allow the City to terminate both its leases at Northgate Mall.

Relocating Property and Evidence from space at 124 Hunt Street and 213 Broadway Street locations will enable these facilities to be programmed for other potential City uses.

Efficiency of operations and limiting the number of leased locations and management of multiple facilities will be addressed by the relocation of the property and evidence units to the proposed location.

Issues/Analysis

Consolidating and relocating all of the Property and Evidence functions to one facility will result in greater operational efficiency. Further:

- The proposed centrally-located facility allows for improved access by officers from all districts, and remains in close proximity to Headquarters and the Forensic Unit located at District Five on Rigsbee Avenue.
- The proposed location is located adjacent to and above the District One station, which will assist in providing security of the property and evidence holdings.
- The proposed location has sufficient space to accommodate future storage of property and evidence during the term of the lease.
- Property and evidence will not be disbursed over four locations.

Alternatives

Continue property and evidence operations in the existing four disparate locations. For the reasons stated above, this is not recommended.

Financial Impact

The term of the lease is for six years; the annual lease rate will increase each year by 1%. The monthly schedule of payments is as follows:

Year	Rent	Upfit	Utilities & Other Charges
Year One	\$3,432.18	\$9,973.01	\$2,246.00
Year Two	\$3,466.51	\$9,973.01	\$2,268.46
Year Three	\$3,501.17	\$9,973.01	\$2,291.14
Year Four	\$3,536.18	\$9,973.01	\$2,314.06
Year Five	\$3,571.54	\$9,973.01	\$2,337.20
Year Six	\$3,607.26	\$9,973.01	\$2,360.57
Extension Year One	\$3,643.33	\$828.34	\$2,384.17
Extension Year Two	\$3,679.77	\$828.34	\$2,408.02
Extension Year Three	\$3,716.56	\$828.34	\$2,432.10
Extension Year Four	\$3,753.73	\$828.34	\$2,456.42

Funds are available in the Police facilities rent account.

SDBE Summary

This item does not require review by the Equal Opportunity/Equity Assurance Department.

Attachments: Lease Agreement, Location Map, Property and Evidence at 921 Holloway
Lease Payment Worksheet